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UNITED STATES DEPARTMENT OF AGRICULTURE
War Food Administration

Washington, April 5, 1944

U.S. War food administration.
Egg Statement

Reserve

Steps taken the past week by the War Food Administration already have resulted in some improvement in the egg market. Certain distress areas still remain, however, but measures being inaugurated immediately are expected to correct such situations wherever they exist. Specific cooperation of consumers, retailers, egg dealers and farmers will continue to be needed to bring about still further stability in the face of unprecedented production.

The Situation:

Production of eggs at present is far heavier than any previous production at this season. February production was 16 percent above that of last year and about 80 percent above the 10 year pre-war average. January production was 17 percent above last year, and estimates for March indicate a production 5 to 10 percent above last year. Last fall the WFA asked farmers to produce only two percent more eggs in 1944 than in 1943. Farmers also were asked to cull their low producers and to keep their laying flocks at the level of January 1943. At the start of this year, laying flocks for the country as a whole were 8 percent larger than a year ago, dropping to 5 percent in February, but increasing to 6 percent more in March.

Larger flocks, a higher rate of lay per bird and favorable weather combined have brought about the record production.

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Other conditions adding to the egg price situation and traceable to the present heavy production are storage space limitations and scarcity of egg cases. At the beginning of March, 1,976,000 cases of shell eggs were in cold storage -- more than twice as many on March 1, 1943 and nearly 5 times as many as the 5-year 1939-43 average on that date. The larger portion of these eggs in storage at that time was owned by private commercial interests. Since then storage movement has been very heavy and every effort is being made to make more space available for increasing trade and government purchases. Egg case supplies have been increased, but are being used at an abnormal rate because of unprecedented production.

Retailers, who had been keeping shell egg prices at or near OPA ceiling prices, have been slow to drop prices in line with current costs. Dealers are confronted with labor shortages and plant space limitations and consequently have had great difficulty handling eggs quickly and properly in their respective territories. These are factors largely accounting for the current egg price situation in the heavy producing areas of the country.

WFA is now buying daily all shell eggs offered under its price support program. This nation-wide program provides for purchases on a carlot basis from dealers anywhere in the United States.

The WFA carlot buying prices for all parts of the country for U.S. Wholesale Nos. 1 to 2 Extras range from 30.9 cents to 35.5 cents a dozen depending upon location. Prices for thirteen other grades and sizes have been announced with carlot differentials ranging from 3.5 cents a dozen higher to 6 cents lower. This range of grades permits carlot dealers who sell to WFA to buy from farmers producing high quality as well as lower quality eggs.

These carlot prices were announced for 64 cities, one or more in each state, as examples of the announced carlot prices for a given point. Using these examples as a basis, prices at any point where a carlot dealer is located can easily be determined. Recent changes were made in this program to make it easier to sell eggs to the WFA and thus to speed up the effect of the price support program. Carlot egg handlers can now make offers to WFA daily, include 3 grades of eggs in a car, make offers prior to inspection of the eggs, include wooden or fiber cases in each carlot, and use old cases as well as new. Every carlot egg dealer in the U.S. whether located in a country producing area or a city market can sell to the WFA. State and area supervisors of WFA's Office of Distribution are making certain that every carlot dealer in their localities is informed of this program. And in cases where producer prices are abnormally low, these supervisors are ascertaining whether eggs have been offered for sale to WFA, and if not, why not.

Additional Steps - Three additional measures are being taken this week to make the shell egg purchase program more effective:

- (a) Buying agents are being designated by WFA in areas of heaviest production in the Middlewest and South. These agents, designated from companies whose buying organizations cover the egg producing areas, will purchase current-receipt (run-of-the-nest) eggs from producers at not less than 26 cents a dozen. Agents buying directly from producers, when they certify they have paid the producer 26 cents a dozen, loose, basis, current-receipt eggs, will be paid 90 cents a case to furnish a good shipping case, to cover the expense of buying, handling, and assembling.
- (b) Agents are being appointed to buy eggs for WFA account on the New York and Chicago Mercantile Exchanges.
- (c) Steps are being taken to contract for frozen eggs.

These measures, in WFA's opinion, will strengthen the position of the producer and indicate the determination to buy eggs wherever offered.

WFA dried egg purchases for war uses are providing another means of supporting producer prices. Since January 1, WFA has bought the equivalent of nearly 12-1/2 million cases of eggs in dried form from about 100 egg drying plants throughout the country.

WFA has instructed the drying plants which have contracted to furnish dried eggs to WFA, but have no backlog, to step into the market immediately and buy eggs at no less than \$9.00 a case (30 dozen to a case) delivered at the plant, cases returned. All egg driers are required to certify each week the prices paid for shell eggs delivered to their plants.

To see that as many eggs as possible are carried over into the off-production season, WFA has taken several actions the past 2 weeks to open up additional storage space for the commercial egg trade. These actions include limitations on the time certain products can be carried in storage, faster outward movement on certain commodities, and the exclusion of other products not necessarily needing cooler or freezer space. In addition, a considerable amount of satisfactory cold storage space ordinarily not used for shell egg storage has been found for storing shell eggs and dried eggs purchased by WFA. Likewise, every possible step is being taken by various government agencies to make available more egg cases so that the effect of this limiting factor may be minimized.

A major answer to the current egg market situation lies with civilians. Recognizing this fact, facilities of both government and industry have been mobilized for a nation-wide egg consumption drive to be carried on for at least the next six weeks. Producer and consumer organizations, dairy and poultry interests, hotels, restaurants, wholesalers, retailers, advertising agencies, radio, press and others --

all are cooperating. It has been pointed out that if each consumer in the U.S. will eat but one more egg per week than usual during the next six weeks over 60 million dozen additional eggs will be used and this, coupled with the WFA egg buying programs, will bring about further correction of the present situation. Even more helpful right now would be an extra dozen eggs per family per week for at least the next 3 weeks.

Grocery stores and other dealers who sell eggs to consumers have been urged to sell eggs at retail prices in keeping with their costs and not consider current ceilings as fixed prices for eggs. This will help to move supplies into consumer channels at a faster rate. And there is increasing evidence that stores are cooperating.

The War Food Administration previously has announced that it will support prices to producers for eggs at 90 percent of the parity price to help get the necessary production. This support is provided through the dried egg and shell egg purchase programs. Purchases are not made directly from farmers. To do so would mean, in effect, duplicating or taking over the Nation's entire egg marketing facilities. The prices paid by WFA for shell eggs in carlot quantities naturally varies by markets and by the 14 different grades of eggs bought. These prices have been announced for the period March 5 thru April 15. They are such as to reflect to producers the support prices. For instance, at Des Moines, Iowa the WFA is paying to carlot dealers from 29 to 35.7 cents a dozen for various grades of eggs of 45 pounds average weight per case. These prices should permit dealers to pay farmers not less than 26 cents for current receipt (nest-run) eggs.

In some areas of the country prices are always higher than in other areas. NOV This has been true for many years and probably always will be true. In the mid-west where well over one-half of the country's eggs are produced will be found the area of lowest egg prices.

While on the east and west coasts where, except for a very short period in the spring, only a small part of the eggs needed by the consumers of those sections are produced, will be found the higher prices. On March 15, when the U.S. average farm price, as reported by the Bureau of Agricultural Economics was 30.1 cents, there was a variation of from 26.5 cents state average price in Georgia to a 37.2 cents state average farm price in Connecticut and Arizona. This is a 10.7 cents variation in the average price between states. The two high states had an average farm egg price 7.1 cents above the national average and the low state was 3.6 cents below. Within each state, as well as in different locations in the country, there will be variations in price. Farmers living near larger cities and nearer marketing facilities normally receive more for their eggs than those living farther from such centers. This is only natural since the costs of assembling will be greater. Farmers who produce quality eggs and sell them on a graded basis receive higher prices than those who produce and sell "nest-run" or "run of the mine" ungraded eggs. This is logical for the farmer who gathers his eggs two or more times a day, has clean nests and houses, keeps his birds in on rainy days, has good stock bred to lay good-sized eggs and feeds to produce good eggs, keeps his eggs in a cool, reasonably moist place, places them properly in the case, markets two or more times a week, uses the small, dirty, soiled or cracked eggs at home and consequently is producing and delivering a high quality, attractive egg for which the consumers will pay more money, is entitled to a higher price than the producer whose eggs are of poor quality.

